

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DODE-00 NSAE-00 RSC-01 TRSE-00

AEC-11 CIAE-00 COME-00 MC-02 CIEP-02 SCI-06 DRC-01

/060 W

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R 070759Z JUN 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1416

C O N F I D E N T I A L BUDAPEST 1432

E.O. 11652: GDS

TAGS: ESTC, ETRD, XH, HU, COCOM

SUBJECT: NEW SAFEGUARDS PROCEDURE APPLIES TO HUNGARY'S  
IBM 360/155

REFS: A) STATE 101537; B) STATE 90673; C) BUDAPEST 1097;  
D) BUDAPEST 972; E) STATE 79256; F) STATE A-4024.

EXCON

1. SUMMARY. IBM HUNGARY GENERAL DIRECTOR INFORMED  
AMBASSADOR JUNE 4 THAT HEAD OF HUNGARIAN CENTRAL STATISTICAL  
OFFICE (CSO) HAD SAID PROPOSAL FOR EMBASSY REPS TO REGULARLY  
PICK UP SAFEGUARDS MATERIAL AT CSO GAVE CSO DIFFICULTIES.  
END SUMMARY

2. DURING CHANCE MEETING WITH MRS. BRANYIK, HEAD OF IBM/  
HUNGARY, LATTER TOLD AMBASSADOR THAT CSO HAD INFORMED IBM THAT  
PROPOSAL FOR EMBASSY TO PICK UP TAPES AT CSO GAVE CSO TROUBLE.  
SHE SAID CSO WAS THINKING OF SOME OTHER APPROACH SUCH AS  
DELIVERY OF TAPES TO FONMIN WITH EMBASSY PICKING THEM UP  
THERE.

3. AMBASSADOR TOLD HER THAT ESSENTIAL CONCEPT OF SYSTEM  
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WAS THAT THEY REMAIN CONTINUOUSLY IN IBM CONTROL UNTIL

THEY WERE IN POSSESSION OF USG AND THAT DELIVERY TO FONMIN WOULD NOT SEEM TO SOLVE THIS. MRS. BRANYIK INDICATED

SHE UNDERSTOOD AND IMPLIED THAT SHE HAD PREVIOUSLY FELT THE USG PICKUP MIGHT BE DIFFICULT. SHE SAID THIS WAS THE ONLY REAL PROBLEM NOW PENDING IN CONNECTION WITH THE SAFEGUARDS, WHICH SHE DESCRIBED AS ALMOST THE SAME AS THOSE ON THE CDC PROJECT IN THE SOVIET UNION. SHE WAS MORE FAMILIAR THAN WE WITH TAPE RECOVERY THERE, SAYING THAT CONTROL DATA GROUP PICKED THEM UP AND TRANSMITTED THEM TO THE EMBASSY IN MOSCOW.

4. WHEN IBM V-P WAS HERE, AMBASSADOR TOLD HIM EMBASSY WAS PREPARED TO PICK UP TAPES BUT THAT HE FELT HUNGARIANS WOULD HAVE PROBLEMS WITH IT AND THAT HE THOUGHT IBM WOULD HAVE TO MAINTAIN A FLEXIBLE ATTITUDE ON THIS POINT. LATTER INDICATED QUESTION OF WHETHER IBM WAS PREPARED PICK UP TAPES HAD BEEN MAJOR ISSUE WITHIN COMPANY AND THAT PRESIDENT HAD DECIDED IT MUST BE USG RESPONSIBILITY.

5. WHILE EMBASSY WAS WITH SOME RELUCTANCE PREPARED TO DO THIS JOB, WE WONDER WHETHER DEPT MIGHT NOT BE SETTING UNHELPFUL PRECEDENT THAT COULD CAUSE PROBLEMS ELSEWHERE, AS THIS SEEMS TO BE NOT JUST A PARTICULAR ISSUE BUT A GENERAL ONE FOR IB. WHILE WE COULD DO THIS ONCE A WEEK IN ONE CASE, WE WOULD NOT HAVE SUFFICIENT STAFF TO DO IT IN OTHER CASES; FOR EXAMPLE, WE CERTAINLY WOULD NOT IF THERE WERE A COMPUTER LOCATED MORE THAN A FEW MINUTES AWAY FROM EMBASSY. IBM IS HOPING TO SELL EVEN LARGER COMPUTERS HERE IN THE FUTURE AND MUST BE PLANNING TO DO SO ELSEWHERE. SO REQUIREMENTS COULD EXPAND. QUESTION ALSO ARISES WHETHER OTHER CORPORATIONS MIGHT SEEK TO MOVE THIS RESPONSIBILITY OVER TO EMBASSIES.

6. WE DO NOT KNOW WHAT CONSIDERATIONS LED TO ORIGINAL PROPOSAL FROM DEPT THAT WE PICK TAPES UP, AND WE REMAIN PREPARED TO DO SO IF NECESSARY. AT THE SAME TIME WE CONTINUE TO THINK IT IS PREFERABLE BOTH FROM HUNGARIAN AND USG POINT OF VIEW TO HAVE IBM DELIVER TAPES TO US, AS KNOWLEDGE THAT OBJECTIONS HAVE BEEN EXPRESSED FROM STATISTICAL OFFICE MAY CREATE OPPORTUNITY FOR RE-EXAMINATION.  
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7. IF THERE SHOULD BE ANY DISCUSSIONS WITH IBM, IBM/HUNGARY SHOULD NOT BE CITED AS SOURCE AS WE DOUBT MRS. BRANYIK WAS AUTHORIZED BY HER SUPERIORS TO TELL US.  
PEDERSEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STRATEGIC TRADE CONTROLS, COMPUTERS, MAGNETIC TAPE, EXPORT LICENSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BUDAPE01432  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740144-1140  
**From:** BUDAPEST  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740666/aaaacewg.tel  
**Line Count:** 112  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 101537; B) STATE 90673; C), BUDAPEST 1097;  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 MAY 2002 by rowelle0>; APPROVED <25 FEB 2003 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEW SAFEGUARDS PROCEDURE APPLIES TO HUNGARY'S IBM 360/155  
**TAGS:** ESTC, ETRD, XH, HU, COCOM, IBM  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005